

# CRS Report for Congress

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## Cambodia: Background and U.S. Relations

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### Summary

Although Cambodia has made some progress in establishing democratic institutions, developing its economy, improving labor conditions, and nurturing a civil society, U.S.-Cambodian relations remain strained. The United States has restricted bilateral assistance to non-government organizations in Cambodia. This is in response to strong-arm political tactics by the Cambodian Prime Minister, Hun Sen, incidents of politically motivated violence against opposition activists and supporters, and other human rights problems. This report discusses major issues in U.S.-Cambodian relations, including political developments in Cambodia, bilateral trade, foreign aid, and terrorism. On March 25, 2004, H.Con.Res. 399 was introduced, which urges the President to promote the ratification, establishment, and financing of a tribunal for the prosecution of surviving leaders of the former Khmer Rouge regime. This report will be updated as warranted.

### Modern History

The Kingdom of Cambodia received its independence from France in November 1953. In March 1970, the military forces of pro-American General Lon Nol overthrew the government of Prince Norodom Sihanouk in a coup. The Prince reluctantly joined the Cambodian communists, or Khmer Rouge, against the Lon Nol government. A civil war followed, culminating in the defeat of the Lon Nol government in April 1975 by the Khmer Rouge. During their subsequent three-year brutal reign — which included forced depopulation of the cities and the establishment of rural communes — nearly two million out of a population of eight million

#### CAMBODIA IN BRIEF

**Population:** 13 million

*Growth rate:* 1.8% (2003 est.)

**Location:** Borders Thailand, Vietnam, and Laos

**Area:** 181,040 sq. km. (about the size of Missouri)

**Capital:** Phnom Penh

**Ethnic groups:** Khmer 90%; Vietnamese 5%; Chinese 1%; Other 4% (Chams, Burmese, hill tribes)

**Language:** Khmer (official) 95%; French; English

**Religion:** Theravada Buddhist 95%; Other 5%

**Life Expectancy at Birth:** female 60 years; male 55 years (2003 est.)

**Literacy:** total 70%; female 60%; male 80% (2003)

**GDP per capita:** \$1,600 (purchasing power parity, 2002)

**GDP growth:** 4.8% (2003)

**Government:** Constitutional Monarchy (King Norodom Sihanouk)

**Sources:** CIA World Factbook; U.S. Department of Commerce

Cambodians died through execution, torture, overwork, starvation, and disease. In January 1979, an invasion by Vietnamese forces drove the Khmer Rouge from Phnom Penh and sparked a 13-year civil war. A United Nations (U.N.)-brokered peace settlement officially ended the war in October 1991 and led to elections for a 120-seat Constituent Assembly in May 1993. Although the royalist FUNCINPEC Party (National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia) won a 58-seat plurality, it agreed to form a coalition government with the Cambodian People's Party (CPP), with 51 seats, after the CPP threatened that it would not accept the election. The establishment of the coalition government with Prince Norodom Ranariddh, head of FUNCINPEC, and Hun Sen, head of the CPP, as co-prime ministers brought fragile political stability to Cambodia.

In 1997, after rising tensions between the coalition partners, Hun Sen staged an armed takeover of the government. An estimated 80-100 Cambodians, including many FUNCINPEC leaders, were killed, and Ranariddh and other politicians fled Cambodia. After considerable international pressure and the withholding of aid by donors, Hun Sen allowed Ranariddh to return to Cambodia and held new parliamentary elections in July 1998, which the CPP narrowly won. Despite charges of election irregularities and post-election violence, the two parties again agreed to form a coalition government, with Hun Sen as Prime Minister and Prince Ranariddh as President of the National Assembly.

In February 2002, Cambodia held its first local (commune) elections. The CPP won a sweeping victory, winning leadership positions in 1,598 of Cambodia's 1,621 communes. FUNCINPEC and the opposition Sam Rainsy Party (SRP) won 10 and 13 of the commune chief positions, respectively, as well as a combined 40% of the seats on the commune councils. Although independent monitors praised election day as peaceful, orderly, and transparent, these monitors stopped short of calling the elections free and fair.

## Recent Political Developments

**National Elections.** Many observers considered the July 2003 elections to the National Assembly to be an improvement over previous elections, with relatively minor voting irregularities.<sup>1</sup> Compared to the 1998 national elections, the 2003 voting process was more orderly and transparent, with less government interference.<sup>2</sup> Foreign and domestic non-governmental organizations (NGOs) reportedly played a crucial role in educating voters. Furthermore, Cambodia has developed a vibrant civil society and lively press. However, many experts also stated that the elections were flawed and that the election process in Cambodia still “needs work” — from reducing pre-election violence, intimidation, and vote buying to providing more balanced media coverage and more

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<sup>1</sup> “Summary of Observations of the U.S. Long Term International Observation Group (LTOG) during the Cambodian National Assembly Election, September 2003.” Election monitoring by LTOG was administered by the Asia Foundation and funded by USAID.

<sup>2</sup> Seth Mydans, “Cambodians Get the Hang of Elections,” *International Herald Tribune*, July 28, 2003.

candidate debates. The Bush Administration stated that the Cambodian National Election Committee “failed to establish a credible process to resolve election complaints.”<sup>3</sup>

**Political Standoff.** In the 2003 National Assembly elections, the CPP won 73 seats in the 123-seat National Assembly, short of the two-thirds majority needed to lead the country on its own. FUNCINPEC and the SRP, with 26 and 24 seats, respectively, formed an “Alliance of Democrats” and vowed not to work with the CPP unless Hun Sen stepped down. Without agreement on a coalition, the National Assembly did not meet and a new government was not formed. Hun Sen presided over a care-taker government but the legislature could not pass a new budget. In March 2004, leaders of the CPP and FUNCINPEC finally began talks on forming a power sharing arrangement between the two main parties. They left open the possibility of offering leadership positions to Sam Rainsy and the SRP.

**Khmer Rouge Tribunal.** No Khmer Rouge leaders have yet been tried for the atrocities committed under their rule.<sup>4</sup> In June 2003, after five years of negotiations, Cambodia and the United Nations agreed upon the framework of an international tribunal for prosecuting, under Cambodian law, former leaders of the Khmer Rouge for crimes against humanity. Under the agreement, the majority of judges shall be Cambodian. No dates have been set for the trials, although U.N. officials have stated that judicial appointments and other preparations could begin soon after Cambodia’s legislature meets and approves the agreement and international funding is secured. In December 2003, Australia pledged \$1.5 million for the tribunal, which has been estimated to cost between \$20 million and \$40 million.<sup>5</sup> On March 25, 2004, H.Con.Res. 399 was introduced, which urges the President to provide encouragement and support for the ratification, establishment, and financing of a tribunal for the prosecution of surviving leaders of the Khmer Rouge regime. Some observers, however, have raised doubts about whether such a court, with a majority of Cambodian judges, can be independent and impartial.<sup>6</sup>

## Economy

Cambodia is one of the poorest countries in Asia, with a limited human resource base, poor legal, financial, and economic infrastructures, and political strife that have hampered economic reforms and discouraged foreign investors. Nonetheless, the Cambodian economy has grown rapidly since 1993, except for the 1997-98 period, when

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<sup>3</sup> “U.S. Government Statement on the Announcement of Cambodian Official Election Results,” U.S. Embassy in Phnom Penh, Aug. 31, 2003.

<sup>4</sup> Pol Pot, former leader of the Khmer Rouge, died in April 1998.

<sup>5</sup> *Dow Jones International News*, December 12, 2003; Pierre Lizée, “Needed: Monuments to Justice; as Cambodians Mark 25 Years since the Fall of the Khmer Rouge, Efforts to Put its Murderous Leaders on Trial Could Offer Iraq a Model,” *The Globe and Mail*, Jan. 8, 2004.

<sup>6</sup> The U.N.-Cambodian agreement stipulates, in part: The Trial Chamber shall have three Cambodian and two international judges; the Supreme Court Chamber shall have four Cambodian and three international judges; there shall be one Cambodian and one international investigating judge; and there shall be one Cambodian and one international prosecutor. As a safeguard against Cambodian bias, verdicts require a “super-majority” — a simple majority plus the vote of at least one international judge.

the economy suffered from the effects of the political coup and the Asian financial crisis. Cambodia's economy expanded by an estimated 4.8% in 2003 and is expected to grow by 5.7% in 2004.<sup>7</sup> Ties with Thailand, one of the largest foreign investors in Cambodia, are being repaired after anti-Thai riots in 2003 caused an estimated \$55 million in damage to Thai properties in the country. Promising economic sectors include textiles, which employs 230,000 workers and in 2003 accounted for \$1.5 billion, or 93%, of the country's export earnings, and tourism, which in 2003 was dampened by the SARS outbreak in Southeast Asia.<sup>8</sup>

**U.S.-Cambodia Trade.** The United States is now the largest overseas market for Cambodian goods or the destination for nearly half of Cambodia's merchandise exports. Cambodian exports to the United States, mostly textiles and apparel, have grown from \$3.7 million worth of goods in 1996 to \$1.2 billion in 2003. In 2003, the United States exported \$58 million worth of goods to Cambodia, nearly double the 2002 figure.<sup>9</sup> In 1996, the Clinton Administration signed a trade agreement with Cambodia and the 104<sup>th</sup> Congress extended normal trade relations (NTR) status. In 1997, President Clinton designated Cambodia a Least Developed Country under the U.S. Generalized System of Preferences and in 1999, the two countries signed a bilateral textile agreement. The agreement rewards progress in labor rights in Cambodia's garment factories with increased U.S. import quotas for textiles. Since the agreement was put into effect, Cambodia has been awarded quota increments or bonuses annually for improvements in its factory conditions.

**WTO Accession.** In September 2003, the World Trade Organization granted membership to Cambodia. The political deadlock in Cambodia prevented the parliament from ratifying the WTO accession agreement and the deadline was extended to September 2004. Accession to the global trade body would provide Cambodia's garment manufacturing industry with better access to the world market. This is especially important and timely for Cambodia since textile importing nations are to eliminate quotas in 2005 according to the Agreement on Textiles and Clothing (ACT).

## Foreign Assistance

Cambodia is a large recipient of foreign aid, which accounts for over half of its government budget. In 2003, international donors contributed \$635 million to the kingdom. Since 1996, the Consultative Group for Cambodia, a consortium of seven international financial organizations and 22 donor countries under the auspices of the World Bank, has met annually to set economic and political reform guidelines for the Cambodian government and to extend aid packages averaging \$500 million per year.<sup>10</sup> The United States is the third-largest foreign aid donor after Japan and Australia, providing \$43 million in 2003 for health care, providing basic education, countering trafficking in persons, helping victims of land mines, and strengthening democratic

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<sup>7</sup> Global Insight, Inc.

<sup>8</sup> Miranda Leitsinger, "U.N.: Conditions Better at Cambodia Plants," *Associated Press*, Apr. 9, 2004; James Brooke, "Cambodia is Working to Escape its Past," *New York Times*, Feb. 25, 2004.

<sup>9</sup> United States International Trade Commission

<sup>10</sup> *Kyodo News*, June 21, 2002.

processes and political parties. However, the United States remains the only major donor country that has not resumed bilateral or government-to-government aid. Restrictions on U.S. assistance largely reflect congressional disapproval of Prime Minister Hun Sen's seizure of power in 1997 and concerns about ongoing political violence. Foreign operations appropriations legislation bars U.S. assistance to the central government of Cambodia and to the Khmer Rouge tribunal and instructs U.S. representatives to international financial institutions to oppose loans to Cambodia, except those that meet basic human needs. U.S. assistance may be provided only to Cambodian and foreign NGOs and to local governments. Statutory exceptions allow for U.S. assistance to the central government of Cambodia for reproductive, maternal, and child health care, basic education, combating human trafficking, cultural and historic preservation, and preventing and treating HIV/AIDS and other infectious diseases. For most of these activities, however, USAID collaborates with the central government of Cambodia but continues to provide funding only through NGOs.

The Consolidated Appropriations legislation for FY2004 (P.L. 108-199) permits International Military Education and Training (IMET) for Cambodia only if the Secretary of State provides the Committees on Appropriations a list of those individuals who have been credibly alleged to have ordered or carried out extrajudicial and political killings that occurred during the March 1997 grenade attack against the Khmer Nation Party, the July 1997 coup d'état, and election-related violence in 1998, 2002, and 2003.

## Other Issues

**Political Killings.** Political killings in Cambodia appeared to have been declining over the past five years. However, between October 2003 and January 2004, at least 8 murders of politically active or prominent Cambodians rekindled doubts about the country's political development and ability to hold a fair and credible Khmer Rouge tribunal. Most of the assailants remain unknown. Pre-election killings declined from an estimated 80-100 persons leading up to the 1993 national assembly elections, 13-50 before the 1998 national elections, and 12-30 in the year preceding the 2003 national elections. Prior to the February 2002 commune elections, about 20 political killings were reported.<sup>11</sup> Estimates often vary because of different time frames or, in many cases, deaths, circumstances, or motives have not been independently confirmed.<sup>12</sup> Alleged victims of political violence have included candidates for political office, politicians, political activists, judges, and mass media personalities. Although victims reportedly have included Cambodians affiliated with all of the major political parties, the majority have been associated with the two "democratic" parties, FUNCINPEC and SRP. Many analysts suggest that Hun Sen has played a large role in the political violence of the past decade. Some contend that even if Hun Sen were not directly involved, he has had the power but not the will to find and prosecute many of the alleged perpetrators and to

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<sup>11</sup> Amy Kazmin, "Cambodia Party Maintains its Grip," *Financial Times*, Feb. 5, 2002.

<sup>12</sup> "U.S. Deplores Killing of Cambodian Trade Union Leader," *Voice of America Press Releases and Documents*, Jan. 22, 2004.

promote judicial autonomy.<sup>13</sup> The Cambodian government has largely characterized the killings as non-political crimes, vendettas, and vigilantism.

**Terrorism.** In 2003, four men — one Cambodian Muslim, two Thai Muslims, and an Egyptian — were arrested in Phnom Penh for belonging to Jemaah Islamiyah, a militant Islamic group active in several Southeast Asian countries, and plotting to carry out terrorist attacks in Cambodia. The three non-Cambodians were teachers at a Saudi-funded Islamic school that Cambodian authorities subsequently shut down.<sup>14</sup> In December 2003, the Cambodian government pledged that it would destroy 233 surface-to-air missiles in cooperation with the United States to prevent them from falling into the hands of terrorists.

**HIV/AIDS.** Cambodia has the highest rate of HIV/AIDS infection in Southeast Asia. Cambodia's Health Ministry reported that 80,000 Cambodians have died of AIDS and another 160,000 have been infected with HIV. Over 50,000 children have been orphaned by the disease. However, a concerted effort of the Cambodian government, the United Nations, NGOs, and other foreign assistance programs has reduced the prevalence rate of HIV cases among adult Cambodians from more than 4% in 1999 to 2.6% in 2002.<sup>15</sup>

**Human Trafficking.** In its 2003 Trafficking in Persons Report, the State Department raised Cambodia's status from Tier 3, the worst category, to Tier 2, stating that although Cambodia "does not fully meet the minimum standards set by Congress for the elimination of trafficking in persons," it is "making significant efforts to do so despite limited resources." Under the Trafficking Victims Protection Act of 2000, countries placed in Tier 3 may face U.S. sanctions.

## Policy Issues

Some U.S. lawmakers argue that foreign assistance to Cambodia should remain restricted or limited because Prime Minister Hun Sen's power is not legitimate, he has not been held accountable for political tactics that violate democratic norms and procedures, and he exerts undue influence upon the country's politics and judiciary. Others argue that keeping Cambodia engaged with donor nations restrains Hun Sen's behavior and dissuades the government from turning to other benefactors such as China, which provides aid without conditions related to human rights.<sup>16</sup> Furthermore, some experts contend, foreign assistance, particularly for human and institutional capacity building programs, can help further the democratization process.

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<sup>13</sup> "U.S. Congress Threatens Conditions on Military Aid to Cambodia." *Agence France Presse*, July 25, 2003.

<sup>14</sup> Cambodia's Cham ethnic group, most of whom are moderate Muslims, make up less than 5% of Cambodia's population. See CRS Report RL31672, *Terrorism in Southeast Asia*, by Mark Manyin, et al.

<sup>15</sup> Ben Schnayerson, "AIDS in Asia: The Continent's Growing Crisis," *San Francisco Chronicle*, Jan. 15, 2003.

<sup>16</sup> In November 2003, China announced a grant of \$US 6.1 million to the Cambodian government. *Xinhua News Agency*, Nov. 27, 2003.